

Why are the new Agriculture Bills being opposed



Context:

- Three Bills on agriculture reforms were introduced in the Parliament to replace the ordinances issued during the lockdown. They are:
 1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020
 2. The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020
 3. The Essential Commodities (Amendment) Bill, 2020

What do the ordinances entail?

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance has following provisions:

1. **Opens up agricultural sale and marketing** outside the notified Agricultural Produce Market Committee (APMC) mandis for farmers



2. Removes barriers to inter-State trade
3. Provides a framework for electronic trading of agricultural produce.
4. Prohibits State governments from collecting market fee, cess or levy for trade outside the APMC markets.

The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Ordinance relates to contract farming. It has following provisions

1. Provides framework on trade agreements for the sale and purchase of farm produce.
2. The **mutually agreed remunerative price framework** envisaged in the legislation is touted as one that would protect and empower farmers.
3. The written farming agreement, entered into prior to the production or rearing of any farm produce, lists the terms and conditions for supply, quality, grade, standards and price of farm produce and services.

The Essential Commodities (Amendment) Ordinance:

- Removes cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities. The amendment will **deregulate the production, storage**, movement and distribution of these food commodities.
- The central government is allowed regulation of supply during war, famine, extraordinary price rise and natural calamity, while providing exemptions for exporters and processors at such times as well.
- **Imposition of any stock limit on agricultural produce** must be based on price rise. A stock limit may be imposed only if there is a 100% increase in retail price of horticultural produce; and a 50% increase in the retail price of non-perishable agricultural food items.

Why are these bills being opposed?

- **Against the Spirit of Cooperative federalism:** Since agriculture and markets are State subjects – entry 14 and 28 respectively in List II – the ordinances are being seen as a direct encroachment upon the functions of the States
- The provisions are viewed as against the spirit of cooperative federalism enshrined in the Constitution.

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- **Justification by Centre:** The Centre, however, argues that trade and commerce in food items is part of the concurrent list, thus giving it constitutional propriety.
- **End of MSP:** Critics view the dismantling of the monopoly of the APMCs as a sign of ending the assured procurement of food grains at minimum support prices (MSP).
- To the Centre's 'one nation, one market' call, critics have sought 'one nation, one MSP'.
- Critics argue that ensuring a larger number of farmers get the MSP for their produce and addressing weakness in the APMCs, instead of making these State mechanisms redundant is the need of the hour.
- **No mechanism for price fixation:** The Price Assurance Bill, while offering protection to farmers against price exploitation, does not prescribe the mechanism for price fixation.
- There is apprehension that the free hand given to private corporate houses could **lead to farmer exploitation**.
- Critics are apprehensive about formal contractual obligations owing to the unorganised nature of the farm sector and **lack of resources for a legal battle** with private corporate entities.
- **Food security undermined:** Easing of regulation of food items would lead to exporters, processors and traders **hoarding farm produce** during the harvest season, when prices are generally lower, and releasing it later when prices increase.
- This could undermine food security since the States would have no information about the availability of stocks within the State.
- Critics anticipate irrational volatility in the prices of essentials and **increased black marketing**.